

Message Text

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PAGE 01 CANBER 05037 01 OF 02 180948Z

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 L-03
H-01 NSC-05 IO-13 OIC-02 /050 W
-----097348 181000Z /13
R 180724Z JUL 77
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 918
INFO AMCONSUL MELBOURNE

LIMITED OFFICIAL USE SECTION 1 OF 2 CANBERRA 5037

E.O. 11652: N/A
TAGS: EAIR, AS, ICAO
SUBJECT: CIVAIR - USER CHARGES AND GOA ACTION ON MONTREAL CONVEN-
TIONS

REF: (A) CANBERRA 4769, (B) STATE 155712, (C) STATE 147080

1. PER PARA 2 CANBERRA 4769, E/C COUNSELOR HAD GENERAL REVIEW
OF CIVAIR MATTERS LISTED STATE 147080 WITH DEPARTMENT OF
TRANSPORT JULY 18. GOA PARTICIPANTS WERE ROWLAND, FAS,
INTERNATIONAL POLICY DIVISION AND FREELAND, FAS, AIR TRANSPORT
POLICY.

2. AGENDA FOR DISCUSSIONS INCLUDED AIR NAVIGATION CHARGES,
COLEMAN DECEMBER 17 LETTER TO MINISTER OF TRANSPORT NIXON,
AIRPORT RENTAL POLICY, METEOROLOGY CHARGES, POLICY ON AVIATION
FUEL PRICES, PROSPECTS FOR AUSTRALIAN RATIFICATION OF
MONTREAL PROTOCOLS 3 AND 4 TO WARSAW CONVENTION AND OUTLOOK
FOR FURTHER STRIKE SECTION BY AIR CONTROLLERS UNIOM.

3. OF BACKGROUND INTEREST, WE LEARNED THAT SINCE IATA-GOA
CONSULTATIONS IN MARCH REFERRED TO IN STATE 147080, THE IATA
GROUP HAS HAD A SECOND CONSULTATION WITH GOA IN EARLY JULY.

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PAGE 02 CANBER 05037 01 OF 02 180948Z

ISSUES OF NAVIGATION CHARGES AND AIRPORT RENTALS FURTHER
DISCUSSED IN JULY SESSION. WE ALSO LEARNED FROM FREELAND
THAT SECRETARY COLEMAN'S DECEMBER 17 LETTER (FORWARDED TO
GOA BY SURFACE MAIL) WAS ANSWERED ON MAY 27 BY A LETTER FROM
MINISTER NIXON TO SECRETARY OF TRANSPORTATION ADAMS.

4. AIR NAVIGATION CHARGES -- MINISTER NIXON'S MAY 27 LETTER

TO SECRETARY ADAMS REAFFIRMS HIS VIEW THAT ONE SECTOR OF AVIATION SHOULD NOT BE USED TO CROSS-SUBSIDIZE ANOTHER. IT COMMENTS ON SPECIAL FACTORS WHICH RESULTED IN THE 1975/76 OVER-RECOVERY IN EARLIER YEARS, EXPRESSES HIS CONVICTION THAT INCREASED UTILIZATION WILL GRADUALLY RESULT IN MORE ACCEPTABLE CHARGES AND PROMISES TO CONTINUE MAKING FULL INFORMATION AND DETAILS AVAILABLE TO THE INDUSTRY. IN JULY 18 DISCUSSION, GOA INDICATED IT CALCULATIONS FOR 1976/77 (WITH FINAL TWO MONTHS ESTIMATED) POINT TO APPROXIMATELY 110 PERCENT RECOVERY OF CHARGES ON INTERNATIONAL AVIATION. FREELAND AND ROWLAND UNABLE TO SPECULATE ON POSSIBILITY OF FURTHER USER CHARGE ADJUSTMENTS IN PROSPECTIVE BUDGET. THIS IS MINISTERIAL DECISION WHICH WILL NOT BE REVEALED IN ADVANCE OF PARLIAMENTARY BUDGET PRESENTATION IN MID-AUGUST. ON HYPOTHETICAL BASIS, THEY GENERALLY AGREED WITH OUR SUGGESTION THAT IF LEVEL OF CHARGES REMAINED UNCHANGED THE CURRENT RATE OF INFLATION MIGHT WELL REDUCE THE RECOVERY LEVEL IN 1977/78 TO VICINITY OF 100 PERCENT.

5. ON THIS SAME GENERAL POINT WE INQUIRED WHETHER THE INTENSIVE STUDY OF DOMESTIC AIR TRANSPORT POLICY RECENTLY LAUNCHED BY THE GOVERNMENT FOR COMPLETION BY THE END OF 1977 MIGHT EXTEND TO THE QUESTION OF THE NEXUS BETWEEN USER CHARGES ON DOMESTIC AND USER CHARGES ON INTERNATIONAL AVIATION. THEY RESPONDED AFFIRMATIVELY, AND VOLUNTEERED IN THIS CONNECTION THAT GOA WILL WELCOME INPUTS FOR DOMESTIC LIMITED OFFICIAL USE

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PAGE 03 CANBER 05037 01 OF 02 180948Z

STUDY FROM INTERNATIONAL CARRIERS, AND THAT THIS INVITATION HAS BEEN EXTENDED TO THE IATA GROUP. THE OBJECT OF THE OVERALL STUDY IS TO PRODUCE RECOMMENDATIONS BY THE END OF 1977 FOR THE GOVERNMENT'S CONSIDERATION IN CONNECTION WITH THE EXPIRATION JUNE 30, 1978 OF THE PRESENT LEGISLATION GOVERNING DOMESTIC AIR TRANSPORT.

6. METEOROLOGY -- THE ENTIRE QUESTION OF ALLOCATING COSTS FOR METEOROLOGICAL SERVICES AMONG VARIOUS END-USING INTERESTS IS STILL UNDER STUDY AND THE FINAL DECISIONS IN THIS MATTER WILL NOT BE AVAILABLE FOR SOME TIME. THE DEPARTMENT OF TRANSPORT STRONGLY SUPPORTS THE VIEW SUGGESTED BY MINISTER NIXON DURING THE MARCH IATA CONSULTATION, AND WILL SEEK APPROPRIATE REALLOCATION ON AN EQUITABLE BASIS.

7. AIRPORT RENTALS -- THE DEPARTMENT WILL RECALL THAT PRIOR TO THE MAY 25 MEETING BETWEEN PAN AMERICAN AND THE DEPARTMENT OF TRANSPORT THE AUSTRALIAN COURT HAD UPHELD THE GOVERNMENT IN ITS RIGHT TO IMPOSE NEW AIRPORT RENTAL LEVELS. IN THAT MAY 25 MEETING FREELAND ADVISED PAN AM THAT THE MINISTER HAD NOT DECIDED ON NEXT STEPS AND HAD ASKED FOR A COMPREHENSIVE DEPARTMENT STUDY OF POSSIBLE ALTERNATIVES. THIS STUDY WAS IN

PROGRESS AT THE TIME AND WAS EXPECTED TO BE SUBMITTED TO THE MINISTER FOLLOWING HIS VISIT TO THE UNITED STATES. IN OUR JULY 18 DISCUSSION FREELAND REPORTED THAT THE IATA GROUP REQUESTED IN ITS RECENT MEETING THAT THE MINISTER'S CONSIDERATION OF THIS STUDY BE DEFERRED UNTIL THE VIEWS OF THE IATA GROUP COULD BE APPENDED TO IT. MINISTER NIXON ACCEPTED THIS REQUEST AND AN IATA-DEPARTMENT OF TRANSPORT WORKING GROUP WILL BE MEETING THIS MONTH AND IN AUGUST TO AGREE ON AN ADDENDUM TO THE DEPARTMENTAL REPORT PRESENTING THE IATA POSITION. FOR THIS REASON, THE AIRPORT RENTAL ISSUE IS STILL OPEN, AND FURTHER SIGNIFICANT DEVELOPMENTS WILL PROBABLY BE DEFERRED AT LEAST UNTIL THE END OF AUGUST. THE DOT APPEARS SYMPATHETIC TO THE U.S. VIEW THAT THE AFFECTED AIRLINES SHOULD RECEIVE DETAILED INFORMATION LIMITED OFFICIAL USE

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PAGE 04 CANBER 05037 01 OF 02 180948Z

JUSTIFYING PROPOSED RENTAL LEVELS. HOPEFULLY THE PROSPECTIVE IATA-DOT TASK FORCE MAY FACILITATE THIS PROCESS.

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PAGE 01 CANBER 05037 02 OF 02 180937Z

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H-01 NSC-05 OIC-02 IO-13 /050 W
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LIMITED OFFICIAL USE SECTION 2 OF 2 CANBERRA 5037

8. AVIATION FUEL PRICES -- THE QUESTION OF ALL PETROLEUM PRODUCT PRICES IS BOUND UP WITH AN INTENSIVE CABINET STUDY CURRENTLY UNDERWAY OF THE ENTIRE AUSTRALIAN PETROLEUM ECONOMY. WHILE IT SEEMS PROBABLE THAT AUSTRALIA WILL MOVE IN THE DIRECTION OF WORLD PARITY PRICES AS A MEANS TO AVOIDING

SUBSIDY AND PROMOTING CONSERVATION, THERE IS NO SPECIFIC INFORMATION NOW AVAILABLE ON WHEN OR HOW THIS MAY HAPPEN. WE ASKED WHETHER, ASIDE FROM THE POSSIBILITY OF A MOVE TOWARD WORLD PARITY PRICE LEVELS, THERE WAS ANY PROSPECT FOR A RETURN TO THE DISCRIMINATORY PRICING FOR INTERNATIONAL CARRIERS WHICH CREATED PROBLEMS IN 1975. WHILE THERE IS NO SOLID INFORMATION ON THIS POINT PENDING THE RESULTS OF THE CURRENT CABINET CONSIDERATION, ROWLAND AND FREELAND POINTED OUT THAT THEY WERE NOT AWARE OF ANY CONSIDERATION OF DIFFERENTIAL PRICING AND FURTHERMORE THAT IT WAS THE PRESENT GOVERNMENT WHICH HAD ENDED THE DISCRIMINATORY FEATURE OF AVIATION FUEL PRICING WHEN IT TOOK OFFICE IN 1975. SUBJECT TO FINAL POLICY DECISIONS THEREFORE THERE APPEARED NO REASON TO EXPECT A RETURN TO DISCRIMINATION.

9. IN THIS CONNECTION, HOWEVER, THE EMBASSY NOTES THAT THE CENTRAL RESPONSIBILITY FOR PETROLEUM POLICY LIES, AS IN THE PAST, WITH THE DEPARTMENT OF NATIONAL RESOURCES. WE SHALL LIMITED OFFICIAL USE

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PAGE 02 CANBER 05037 02 OF 02 180937Z

REPORT FURTHER ON THIS QUESTION AFTER WE HAVE HAD AN OPPORTUNITY TO PURSUE THE AVIATION PRICE QUESTION WITH THAT DEPARTMENT.

10. GOA RATIFICATION OF MONTREAL PROTOCOLS 3 AND 4 -- PURSUANT TO CANBERRA 4769 AND STATE 155712, WE INQUIRED ABOUT GOA RATIFICATION OF THESE PROTOCOLS. ROWLAND ADVISED US THAT THE GOA HAD NOT PRESSED THE QUESTION OF RATIFICATION UNTIL SUCH TIME AS THE UNITED STATES RATIFIED THESE PROTOCOLS. THERE APPEARS TO BE NO OBSTACLE TO SUCH RATIFICATION, HOWEVER, AND IT IS TO BE PRESUMED THAT AUSTRALIA WILL RATIFY BOTH WITHIN A REASONABLY SHORT TIME AFTER THE U.S. ACTS.

11. PROSPECTS FOR FURTHER STRIKES BY AUSTRALIAN AIR CONTROLLERS -- THE CONCILIATION AND ARBITRATION COMMISSION LAST WEEK GRANTED COMPARATIVELY LIMITED PAY INCREASES IN RESPONSE TO THE 36 PERCENT SALARY INCREASE DEMAND OVER WHICH THE AUSTRALIAN AIR CONTROLLERS UNION STUCK FOR SEVERAL DAYS IN MAY. WE INQUIRED IN PASSING CONCERNING THE PROSPECTS FOR FURTHER DISRUPTION OF AUSTRALIAN CIVIL AVIATION AS A RESULT OF THIS VERY LIMITED INCREASE. ROWLAND ADVISED THAT WHILE THE CONTROLLERS HAD BEEN DIVIDED ON THE POSSIBILITY OF RESUMING THEIR STRIKE, THE MAJORITY HAD VOTED TO REMAIN AT WORK AND NO FURTHER DISRUPTION WAS IN SIGHT AT THIS TIME. ALSTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AVIATION AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CANBER05037
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770254-0907
Format: TEL
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770748/aaaabpmq.tel
Line Count: 219
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0fe9356a-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 CANBERRA 4769, 77 STATE 155712, 77 STATE 147080
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1833698
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - USER CHARGES AND GOA ACTION ON MONTREAL CONVEN- TIONS
TAGS: EAIR, AS, ICAO
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/0fe9356a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009